



JACOBS & CUSHMAN
SAN DIEGO FOOD BANK

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Jacobs & Cushman San Diego Food Bank
San Diego, California

Opinion

We have audited the accompanying consolidated financial statements of Jacobs & Cushman San Diego Food Bank, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jacobs & Cushman San Diego Food Bank as of June 30, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Jacobs & Cushman San Diego Food Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Jacobs & Cushman San Diego Food Bank for the year ended June 30, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on March 18, 2024.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jacobs & Cushman San Diego Food Bank's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
Jacobs & Cushman San Diego Food Bank
San Diego, California

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jacobs & Cushman San Diego Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jacobs & Cushman San Diego Food Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capin Crouse LLP

San Diego, California
January 24, 2025

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,371,063	\$ 928,483
Inventory	8,487,051	6,849,569
Grants and contracts receivable–net	3,078,702	3,524,736
Contributions receivable	177,990	418,341
Prepaid expenses and other current assets	418,354	379,990
	13,533,160	12,101,119
Other assets	80,382	67,776
Board designated investments	48,696,051	55,292,365
Operating right-of-use asset	1,170,194	2,352,127
Property and equipment–net	52,784,910	15,076,487
	\$ 116,264,697	\$ 84,889,874
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,520,759	\$ 1,748,326
Customer advances	66,087	105,875
Deferred revenue	72,720	140,242
Operating lease obligations - current	891,661	1,009,138
	3,551,227	3,003,581
Operating lease obligations	367,836	1,412,807
Line of credit	15,303,244	-
Total liabilities	19,222,307	4,416,388
Net assets:		
Without donor restrictions	96,138,912	79,787,468
With donor restrictions	903,478	686,018
Total net assets	97,042,390	80,473,486
Total Liabilities and Net Assets	\$ 116,264,697	\$ 84,889,874

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributed food and commodities	\$ 72,862,290	\$ -	\$ 72,862,290	\$ 62,584,986	\$ -	\$ 62,584,986
Contributions	15,248,221	2,275,645	17,523,866	16,711,562	2,313,811	19,025,373
Government contracts	15,508,256	-	15,508,256	12,909,657	-	12,909,657
Investment income	9,987,415	-	9,987,415	6,117,304	-	6,117,304
Rental income	1,912,470	-	1,912,470	-	-	-
Shared maintenance fees	690,501	-	690,501	435,000	-	435,000
In-kind contributions	429,121	-	429,121	498,725	-	498,725
Other income (loss)	(34,125)	-	(34,125)	472,923	-	472,923
	116,604,149	2,275,645	118,879,794	99,730,157	2,313,811	102,043,968
Special events						
Special events revenue	1,034,058	-	1,034,058	1,650,228	-	1,650,228
Direct benefits to donors	(307,349)	-	(307,349)	(270,800)	-	(270,800)
	726,709	-	726,709	1,379,428	-	1,379,428
Revenue released from restriction	2,058,185	(2,058,185)	-	3,204,884	(3,204,884)	-
Total Support and Revenue	119,389,043	217,460	119,606,503	104,314,469	(891,073)	103,423,396

(continued)

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Activities (continued)

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:						
Program services						
Government programs	25,962,358	-	25,962,358	24,505,667	-	24,505,667
Non-Government programs	68,207,422	-	68,207,422	63,200,067	-	63,200,067
Total Program services	94,169,780	-	94,169,780	87,705,734	-	87,705,734
Supporting activities:						
General and administrative	3,383,703	-	3,383,703	1,374,963	-	1,374,963
Fundraising	5,484,116	-	5,484,116	4,563,135	-	4,563,135
	8,867,819	-	8,867,819	5,938,098	-	5,938,098
Total Expenses	103,037,599	-	103,037,599	93,643,832	-	93,643,832
Change in Net Assets	16,351,444	217,460	16,568,904	10,670,637	(891,073)	9,779,564
Net Assets, Beginning of Year	79,787,468	686,018	80,473,486	69,116,831	1,577,091	70,693,922
Net Assets, End of Year	<u>\$ 96,138,912</u>	<u>\$ 903,478</u>	<u>\$ 97,042,390</u>	<u>\$ 79,787,468</u>	<u>\$ 686,018</u>	<u>\$ 80,473,486</u>

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statement of Functional Expenses

Year ended June 30, 2024

	Program Services			Supporting Activities		Total Supporting Activities	Total
	Government Programs	Non- Government Programs	Total Program Services	General and Administrative	Fundraising		
Food acquisition and distribution	\$ 22,331,752	\$ 61,095,460	\$ 83,427,212	\$ -	\$ 4,965	\$ 4,965	\$ 83,432,177
Personnel expenses	2,025,012	3,633,183	5,658,195	1,115,153	1,607,264	2,722,417	8,380,612
Direct mail and marketing	-	17,760	17,760	275	2,572,487	2,572,762	2,590,522
Occupancy	398,241	975,810	1,374,051	593,237	19,316	612,553	1,986,604
Depreciation and amortization	607,471	870,230	1,477,701	53,262	86,045	139,307	1,617,008
Supplies, technology and equipment	259,311	607,920	867,231	286,013	433,021	719,034	1,586,265
Contract services	63,596	72,515	136,111	647,217	581,549	1,228,766	1,364,877
Other expenses	39,161	419,842	459,003	145,528	484,205	629,733	1,088,736
Transportation and travel	237,814	514,702	752,516	5,514	2,613	8,127	760,643
Interest expense	-	-	-	537,504	-	537,504	537,504
	25,962,358	68,207,422	94,169,780	3,383,703	5,791,465	9,175,168	103,344,948
Less: Direct benefits to donors	-	-	-	-	(307,349)	(307,349)	(307,349)
Total Expenses	\$ 25,962,358	\$ 68,207,422	\$ 94,169,780	\$ 3,383,703	\$ 5,484,116	\$ 8,867,819	\$ 103,037,599

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statement of Functional Expenses

Year ended June 30, 2023

	Program Services			Supporting Activities		Total Supporting Activities	Total
	Government Programs	Non- Government Programs	Total Program Services	General and Administrative	Fundraising		
Food acquisition and distribution	\$ 21,174,388	\$ 56,634,226	\$ 77,808,614	\$ 7,028	\$ 19	\$ 7,047	\$ 77,815,661
Personnel expenses	1,992,485	3,245,976	5,238,461	885,678	1,272,215	2,157,893	7,396,354
Direct mail and marketing	265	86,427	86,692	566	2,283,712	2,284,278	2,370,970
Occupancy	568,622	947,557	1,516,179	31,396	28,941	60,337	1,576,516
Depreciation and amortization	416,741	656,684	1,073,425	88,400	101,028	189,428	1,262,853
Supplies, technology and equipment	165,991	965,648	1,131,639	65,957	538,937	604,894	1,736,533
Contract services	122,729	244,608	367,337	183,239	295,774	479,013	846,350
Other expenses	53,075	402,390	455,465	104,276	285,816	390,092	845,557
Transportation and travel	11,371	16,551	27,922	8,423	27,493	35,916	63,838
Interest expense	-	-	-	-	-	-	-
	24,505,667	63,200,067	87,705,734	1,374,963	4,833,935	6,208,898	93,914,632
Less: Direct benefits to donors	-	-	-	-	(270,800)	(270,800)	(270,800)
Total Expenses	\$ 24,505,667	\$ 63,200,067	\$ 87,705,734	\$ 1,374,963	\$ 4,563,135	\$ 5,938,098	\$ 93,643,832

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Consolidated Statements of Cash Flows

	June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,568,904	\$ 9,779,564
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization expense	1,617,008	1,262,853
Loss on disposal of equipment	-	1,330
Net realized and unrealized investment gain	(9,851,882)	(4,820,987)
In-kind investment contributions	(479,226)	(418,557)
Change in allowance for contributions receivable	-	(424,920)
Operating lease amortization	19,485	69,818
Change in operating assets and liabilities:		
Grants and contracts receivable	446,034	(1,434,677)
Contributions receivable	240,351	8,182,232
Inventory	(1,637,482)	72,487
Prepaid expenses and other current assets	(38,364)	368,142
Other assets	(12,606)	20,939
Accounts payable and accrued liabilities	772,433	(286,710)
Customer advances	(39,788)	(20,942)
Deferred revenue	(67,522)	(498,592)
Net Cash Provided by Operating Activities	7,537,345	11,851,980
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment purchases	(13,325,431)	(727,188)
Purchases of investments	(13,891,232)	(35,372,464)
Proceeds on sale of investments	30,818,654	24,440,734
Net Cash Provided (Used) by Investing Activities	3,601,991	(11,658,918)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on line of credit	(10,696,756)	-
Net Cash Used by Financing Activities	(10,696,756)	-
Net Change in Cash and Cash Equivalents	442,580	193,062
Change in Cash and Cash Equivalents, Beginning of Year	928,483	735,421
Change in Cash and Cash Equivalents, End of Year	\$ 1,371,063	\$ 928,483
SUPPLEMENTAL DISCLOSURES:		
Property and equipment acquired through line of credit	\$ 26,000,000	\$ -
Cash paid for interest	\$ 537,504	\$ -
Right-of-use assets acquired under operating lease	\$ 36,062	\$ -

See notes to consolidated financial statements

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Jacobs & Cushman San Diego Food Bank (the “Organization”), incorporated under the laws of the State of California, operates as a nonprofit public-benefit organization that provides food assistance and resources to people in need, advocates for the hungry, connects the population it serves to a range of health and human service providers, and educates the public about hunger in San Diego County. The Organization operates as a central repository and distribution point for USDA commodities and donated food. Through its own direct distributions and through a network of over 450 nonprofit hunger-relief organizations, Jacobs & Cushman San Diego Food Bank distributes approximately 50 million pounds of food annually to people in need throughout San Diego County. In November 2011, the Organization transferred the building to The Jacobs & Cushman San Diego Food Bank Building, LLC.

On average the Organization supports over 400,000 individuals monthly in San Diego County with food assistance. This comes from government programs administered by the Organization such as the USDA sponsored Emergency Food Assistance Program (TEFAP) and Commodity Supplemental Food Program (CSFP) as well as local programs in partnership with smaller food pantries and programs that distribute food to those in need. To support the needs of those facing food insecurity the Organization provides a variety of additional programs to address the complex and changing needs of its clients. In addition to food, the Organization operates a diaper bank and period supply program, nutrition education classes and trainings, assistance with CalFresh (SNAP) benefits, and capacity building efforts for non-profits addressing food insecurity.

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Organization is subject to federal income tax on any unrelated business taxable income. In addition, the Organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Cash and non-cash contributions and grants are the Organization's primary source of support and revenue.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of each entity listed below. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

The Jacobs & Cushman San Diego Food Bank Building, LLC a wholly-owned subsidiary formed in July 2011, was created to hold property used by the Organization for program and administrative functions in San Diego, California.

Murphy Canyon Property, LLC a wholly-owned subsidiary formed in December 2023, was created to hold property held for future development in San Diego, California.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. As of June 30, 2024 and 2023, the Organization has cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$1,294,000 and \$1,730,000, respectively.

INVENTORY

Inventory consists of food products received through government programs sponsored by the USDA (TEFAP and CSFP) and purchased and donated food products. The Organization records contributed food received from the USDA based on actual food product prices provided by the corresponding USDA program. During the years ended June 30, 2024 and 2023, the USDA TEFAP food product prices averaged \$1.26 and \$1.11 per pound, respectively, and USDA CSFP food product prices averaged \$0.98 and \$1.07 per pound, respectively. All other contributed food items are valued using an average cost based on the industry standard of \$1.92 per pound for the years ended June 30, 2024 and 2023. See note 12 for noncash food receipt contributions during the years ended June 30, 2024 and 2023.

GRANTS, CONTRACTS, AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of contributions receivable from individual donors, and government grants receivable on conditional grant agreements. These agreements have a right-of-release in the form of funds to be paid to the Organization once the barriers to entitlement are met. As of the year ended June 30, 2024, these barriers had been met, but the funds had not yet been paid to the Organization by the grantors. All receivables are considered to be due within one year, and no allowance has been recorded. Management assesses the collectability of all accounts receivable at the close of each period and records an allowance for doubtful accounts based on specific identification. Management has determined all receivables were collectible at June 30, 2024 and 2023.

Government contracts receivable relates to reimbursements under government programs that have not been received from the respective government agency. It represents the amount due through the years ended June 30, 2024 and 2023, respectively.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

GRANTS, CONTRACTS, AND CONTRIBUTIONS RECEIVABLE, continued

Bequests are usually received within a two-year period following the death of donor, and are typically subject to court proceedings and the probate process. Management has estimated an allowance for doubtful accounts for amounts relating to potential amounts not to be received as the trustee is finalizing the trust. Management believes other contributions to be fully collectible.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist mainly of prepaid insurance and security deposits.

BOARD DESIGNATED INVESTMENTS

The board of directors has established a board designated investment fund. The investment funds are to be used for reserves, emergency disaster relief efforts, and building acquisition purposes. These designations align with the Organization's reserve policy and strategic goals set by the board of directors. Board designated investments consist of corporate stocks, corporate bonds, certificates of deposit, and mutual funds. Investments with readily determinable fair values are valued at their fair values in the consolidated statements of financial position. Investment income is recorded when earned, net of investment expenses.

OPERATING LEASE RIGHT-OF-USE ASSETS AND OBLIGATIONS

The Organization has contracts that contain the right to control the use of property and are therefore considered leases. The Organization records right-of-use assets and lease obligations on the consolidated statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. The Organization has elected to separate lease and non-lease components.

PROPERTY AND EQUIPMENT-NET

The Organization capitalizes fixed assets exceeding \$5,000. Property and equipment are recorded at cost. Donated items are recorded at their estimated fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives which range from three to thirty-nine years.

Building	39 years
Building improvements	15-39 years
Warehouse equipment	5-15 years
Transportation equipment	5-10 years
Furniture and office equipment	3-7 years
Leasehold improvements	3-5 years

CUSTOMER ADVANCES AND DEFERRED REVENUE

The amount of funds received, but not yet recognized as revenue, is included in customer advances and deferred revenue on the consolidated statement of financial position.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The consolidated financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for use at the discretion of the board and resources invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or until time restrictions have been met. They are not currently available for use in the Organization's activities until restrictions regarding their use have been fulfilled.

SUPPORT, REVENUE, AND EXPENSES

Contributions

Contributions are recognized when cash is received or when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are reported as increases in net assets with restrictions even if restriction is met in the same period. When the restriction is met, the amount is shown as a reclassification of net assets from with restrictions to without restrictions.

In-kind contributions

In-kind contributions, including contributed food and commodities and other in-kind contributions, are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising campaigns but which do not meet the criteria for consolidated financial statement recognition.

Government contracts

The Organization receives a significant amount of governmental cash and in-kind food assistance. The governmental cash assistance is received through reimbursement-based local, state, and federally funded programs. The revenue generated from these programs is recorded as government contracts in the consolidated statement of activities. This governmental support meets the criteria to be classified as conditional contributions under GAAP revenue recognition for nonprofit organizations as it contains barriers related to incurrence of qualifying expenditures and a right of return or release. The Organization has elected a simultaneous release option to account for these grants. Therefore, they are recorded as government support without donor restrictions upon satisfaction of the barriers. In the event amounts are received and have not been earned, the Organization records such amounts as a refundable advance until earned.

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated statement of activities and functional expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. The Organization allocates expenses directly to applicable programs when possible. For shared expenses, an allocation formula is applied based on the number of pounds of food distributed in the previous financial reporting period. These expenses include depreciation and amortization, interest, personnel expenses, and occupancy costs.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following table reflects the Organization's financial assets reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year as of June 30, 2024 and 2023:

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,371,063	\$ 928,483
Board designated investments	48,696,051	55,292,365
Grants and contracts receivable	3,078,702	3,524,736
Contributions receivable	177,990	418,341
	<u>53,323,806</u>	<u>60,163,925</u>
Less those unavailable for general expenditure within one year, due to:		
Board designated certificates of deposit and investments for general expenditure	(48,696,051)	(56,003,065)
Donor imposed restrictions	<u>(903,478)</u>	<u>(686,018)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,724,277</u>	<u>\$ 3,474,842</u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. In addition, the Organization has policies to review cash flows weekly and financial statements monthly. The Organization has lines of credit with their brokerage and bank, allowing for maximum borrowings of approximately \$35,688,000, of which \$20,385,000 was available at June 30, 2024. Additionally, the Organization has board designated net assets without donor restrictions that, while the board does not intend to spend these for purposes other than those identified, upon board approval they could be made available for current operations, if necessary.

4. GRANTS AND CONTRACTS RECEIVABLE:

Grants and contracts receivable consists of the following:

	June 30,	
	2024	2023
Government contracts receivable	\$ 3,031,695	\$ 3,477,338
Marketplace food purchases	47,007	47,398
	<u>\$ 3,078,702</u>	<u>\$ 3,524,736</u>

5. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consists of the following:

	June 30,	
	2024	2023
Bequests	\$ -	\$ 72,080
Other Contributions	177,990	418,341
	<u>177,990</u>	<u>490,421</u>
Allowance for doubtful accounts	-	(72,080)
	<u>\$ 177,990</u>	<u>\$ 418,341</u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

6. INVENTORY:

As of June 30, 2024, the food inventory based on dollar value as reported in the consolidated financial statements consists of the following:

Dollar Value	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 3,615,011	\$ 888,583	\$ 2,345,975	\$ 6,849,569
Receipts/purchases	24,578,594	48,113,451	11,180,751	83,872,796
Distributions	(21,466,836)	(48,036,399)	(12,732,079)	(82,235,314)
End of year	<u>\$ 6,726,769</u>	<u>\$ 965,635</u>	<u>\$ 794,647</u>	<u>\$ 8,487,051</u>

As of June 30, 2024, the food inventory amounts held, received, and distributed presented in terms of poundage consists of the following:

Poundage				
Beginning of year	3,350,959	470,317	1,456,822	5,278,098
Receipts/purchases	20,825,911	27,083,894	4,454,608	52,364,413
Distributions	(18,864,848)	(27,050,686)	(5,400,532)	(51,316,066)
End of year	<u>5,312,022</u>	<u>503,525</u>	<u>510,898</u>	<u>6,326,445</u>

As of June 30, 2023, the food inventory based on dollar value as reported in the consolidated financial statements consists of the following:

Dollar Value	Government Programs	Donated	Purchased	Total
Beginning of year	\$ 2,501,984	\$ 3,200,749	\$ 1,219,323	\$ 6,922,056
Receipts/purchases	18,133,738	38,878,456	12,100,177	69,112,371
Distributions	(17,020,711)	(41,190,622)	(10,973,525)	(69,184,858)
End of year	<u>\$ 3,615,011</u>	<u>\$ 888,583</u>	<u>\$ 2,345,975</u>	<u>\$ 6,849,569</u>

As of June 30, 2023, the food inventory amounts held, received, and distributed presented in terms of poundage consists of the following:

Poundage				
Beginning of year	2,475,720	1,839,150	953,728	5,268,598
Receipts/purchases	16,549,164	20,249,976	8,487,331	45,286,471
Distributions	(15,673,925)	(21,618,809)	(7,984,237)	(45,276,971)
End of year	<u>3,350,959</u>	<u>470,317</u>	<u>1,456,822</u>	<u>5,278,098</u>

JACOBS & CUSHMAN SAN DIEGO FOOD BANK

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

7. BOARD DESIGNATED INVESTMENTS:

Board designated investments consist of:

	June 30,	
	2024	2023
Corporate stocks	\$ 32,225,952	\$ 34,033,015
Corporate bonds	13,194,840	10,878,195
Certificates of deposit	2,645,259	7,087,033
Mutual funds	630,000	2,788,926
Government bonds	-	505,196
	<u>\$ 48,696,051</u>	<u>\$ 55,292,365</u>

8. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net, consists of:

	June 30,	
	2024	2023
Land	\$ 20,360,607	\$ 4,378,000
Buildings	28,377,908	5,578,840
Building improvements	9,099,983	9,251,280
Warehouse equipment	3,008,504	2,984,940
Transportation equipment	2,250,410	1,923,670
Furniture and office equipment	697,585	684,249
Leasehold improvements	354,991	94,309
	<u>64,149,988</u>	<u>24,895,288</u>
Less accumulated depreciation and amortization	<u>(11,435,809)</u>	<u>(9,818,801)</u>
	52,714,179	15,076,487
Construction in progress	70,731	-
	<u>\$ 52,784,910</u>	<u>\$ 15,076,487</u>

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Notes to Consolidated Financial Statements

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9. OPERATING LEASE—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

The Organization leases office space and equipment under various noncancelable lease agreements that do not qualify as short-term leases. The discount rates represent the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. The leases expire at various dates through May 2028 and require monthly payments ranging from approximately \$256 to \$63,000. The following table reflects the Organization's operating leases:

	June 30,	
	2024	2023
Operating lease right-of-use asset	\$ 1,170,194	\$ 2,352,127
Operating lease obligation	\$ 1,259,497	\$ 2,421,945
Operating lease costs	\$ 869,435	\$ 1,028,476
Weighted-average discount rate	1.53%	1.44%
Weighted-average remaining lease term	1.48 years	2.42 years

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year ending June 30,</u>	
2025	\$ 891,661
2026	340,372
2027	18,246
2028	13,500
	<u>1,263,779</u>
Less amount representing interest	<u>(4,282)</u>
	<u><u>\$ 1,259,497</u></u>

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

10. LINE OF CREDIT:

In April 2021, the Organization entered into a revolving credit line against one of the Organization's brokerage accounts. The loanable value is based on each class of eligible securities. During the year ended June 30, 2024, the Organization drew down \$26,000,000 for the purchase of property in San Diego, California. The Organization did not draw on the line of credit during the year ended June 30, 2023. The line of credit does not have a maturity date and bears a variable interest rate equal to the WSJ prime rate minus 2.00% (5.99% and 6.25% at June 30, 2024 and 2023, respectively). The line of credit is secured by the Organization's investment account and balances are repayable on demand.

The Organization also has a \$1,000,000 line of credit with a financial institution. The Organization has not drawn upon the line of credit as of June 30, 2024 and 2023. The line has a maturity date of December 31, 2024 with a floating interest rate of the Wells Fargo prime rate plus 0.25% (8.75% and 8.50% at June 30, 2024 and June 30, 2023, respectively) with a 5% floor. The rate changes at each index change. The line of credit is secured by the Organization's inventory and accounts receivable.

11. NET ASSETS:

Net assets consist of the following:

	June 30,	
	2024	2023
Net assets without donor restrictions:		
Undesignated	\$ 47,442,861	\$ 23,784,403
Board-designated operating reserve	48,696,051	56,003,065
Total net assets without donor restrictions	<u>96,138,912</u>	<u>79,787,468</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Backpack Program	\$ 463,135	\$ 96,896
CalFresh	110,432	34,413
Breakfast for kids	95,749	-
Solar	81,297	82,867
Community Food Grant	78,013	195,000
Operation gobble	74,769	19,400
Warming Items	83	83
Gift Card Grant	-	149,819
Nourishing neighbors	-	97,040
Period supplies	-	10,500
Total net assets with donor restrictions	<u>903,478</u>	<u>686,018</u>
Total net assets	<u>\$ 97,042,390</u>	<u>\$ 80,473,486</u>

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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

12. GIFT-IN-KIND CONTRIBUTIONS:

Contributed non-financial assets recognized in the consolidated statements of activities and functional expenses consisted of the following:

	June 30,		Valuation Techniques
	2024	2023	
Donated food	\$ 48,283,696	\$ 44,451,248	Industry standard (see note 2)
Government food-TEFAP	18,640,226	11,495,349	USDA provided value (see note 2)
Government food-CSFP	5,938,368	6,638,389	USDA provided value (see note 2)
Gift cards	332,200	476,800	Face value
Auction items	82,261	-	Market value for similar items
Advertising services	14,660	21,925	Current rates for similar services
	<u>\$ 73,291,411</u>	<u>\$ 63,083,711</u>	

The contributed non-financial assets were utilized for the Organization's operations other than contributed advertising which were utilized for fundraising.

13. EMPLOYEE BENEFITS:

The Organization sponsors a 403(b) plan which covers all eligible employees. The Organization makes a matching contribution equal to the lesser of 200% of the employee contribution or 3% of the employee's compensation. The Organization's contribution to the 403(b) for the years ended June 30, 2024 and 2023 was approximately \$220,000 and \$243,000, respectively.

14. FAIR VALUE MEASUREMENTS:

The Organization has adopted the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market between market participants on the measurement date.

The fair values of investments are based on the framework established in the standards which establishes a three-level hierarchy for determining fair value. The valuations for each of these levels are determined as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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Notes to Consolidated Financial Statements

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14. FAIR VALUE MEASUREMENTS, continued:

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available. The Organization had no Level 3 investments for the years ended June 30, 2024 and 2023.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments held at fair value:			
Corporate stocks	\$ 32,225,952	\$ 32,225,952	\$ -
Corporate bonds	13,194,840	13,194,840	-
Certificates of deposit	2,645,259	-	2,645,259
Mutual funds	630,000	630,000	-
	<u>630,000</u>	<u>630,000</u>	<u>-</u>
Total investments held at fair value	<u>\$ 48,696,051</u>	<u>\$ 46,050,792</u>	<u>\$ 2,645,259</u>

Fair value measurements as of June 30, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Investments held at fair value:			
Corporate stocks	\$ 34,033,015	\$ 34,033,015	\$ -
Corporate bonds	10,878,195	10,878,195	-
Mutual funds	2,788,926	2,788,926	-
Certificates of deposit	7,087,033	-	7,087,033
Government bonds	505,196	505,196	-
	<u>505,196</u>	<u>505,196</u>	<u>-</u>
Total investments held at fair value	<u>\$ 55,292,365</u>	<u>\$ 48,205,332</u>	<u>\$ 7,087,033</u>

15. SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 24, 2025, which is the date the consolidated financial statements were available to be issued.